

State of Alaska FY2011 Governor's Operating Budget

Department of Administration Risk Management RDU/Component Budget Summary

RDU/Component: Risk Management

(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

Contribution to Department's Mission

Mitigate state's risk of financial loss (cost of risk) from accidental loss and injury.

Core Services

- Claims processing, litigation management, contract review, insurance administration and consulting.

Key Component Challenges

World reinsurance market revisions for catastrophe modeling for earthquake risks within Alaska combined with overall economic adjustments continue to drive costs of excess insurance premiums. RM attempts to diminish cost increases with adjustment to self insured retentions, special sub limits in excess forms, balanced against adequate protection for expected or maximum probable loss projections.

Increased costs incurred in litigated cases defended by the special litigation section due to court decisions severely limiting summary judgment rulings - evidence value of "in house" defense team, but extra motion practice continues to challenge those program savings.

Significant Changes in Results to be Delivered in FY2011

No significant changes are anticipated.

Major Component Accomplishments in 2009

- Continued training leasing/contract officers on indemnity terms; insurance requirements; and acceptable certificates of insurance.
- Underwrite workplace violence, marine employee fire response, workplace safety and emergency medical training programs and limited security patrol services.
- Advise agency safety committees focusing on workers' compensation loss trends to develop prevention strategies.
- Address on high risk agency supervisors explaining tort liability, review operating practices to mitigate future loss exposures.

Statutory and Regulatory Authority

AS 23.30.045 Employer's liability for compensation
AS 23.30.090 Self-insurance certificates
AS 37.05.287 Insurance for State assets
AS 37.05.289 State insurance catastrophe reserve account
AS 09.50.250 Actionable claims against the State
AS 44.21.040 Records or accounts of claims and warrants
AS 09.50.270 Payment of judgment against the State

Contact Information

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**Risk Management
Component Financial Summary**

All dollars shown in thousands

	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	458.0	551.8	553.9
72000 Travel	10.2	17.4	17.4
73000 Services	32,996.7	36,342.1	36,342.1
74000 Commodities	13.1	10.0	10.0
75000 Capital Outlay	0.0	3.5	3.5
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	33,478.0	36,924.8	36,926.9
Funding Sources:			
1007 Inter-Agency Receipts	33,478.0	36,924.8	36,926.9
Funding Totals	33,478.0	36,924.8	36,926.9

**Summary of Component Budget Changes
From FY2010 Management Plan to FY2011 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2010 Management Plan	0.0	0.0	36,924.8	36,924.8
Adjustments which will continue current level of service:				
-FY2011 Health Insurance Cost Increase Non-Covered Employees	0.0	0.0	2.1	2.1
FY2011 Governor	0.0	0.0	36,926.9	36,926.9

**Risk Management
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2010 Management Plan	FY2011 Governor		
Full-time	5	5	Annual Salaries	383,400
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	185,593
			<i>Less 2.65% Vacancy Factor</i>	(15,093)
			Lump Sum Premium Pay	0
Totals	5	5	Total Personal Services	553,900

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech I	0	0	1	0	1
Claims Administrator	0	0	2	0	2
Division Director	0	0	1	0	1
Risk Manager	0	0	1	0	1
Totals	0	0	5	0	5

Component Detail All Funds
Department of Administration

Component: Risk Management (71)
RDU: Risk Management (23)

	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Management Plan	FY2011 Governor	FY2010 Management Plan vs FY2011 Governor	
71000 Personal Services	458.0	567.3	567.3	551.8	553.9	2.1	0.4%
72000 Travel	10.2	17.4	17.4	17.4	17.4	0.0	0.0%
73000 Services	32,996.7	36,326.6	36,326.6	36,342.1	36,342.1	0.0	0.0%
74000 Commodities	13.1	10.0	10.0	10.0	10.0	0.0	0.0%
75000 Capital Outlay	0.0	3.5	3.5	3.5	3.5	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	33,478.0	36,924.8	36,924.8	36,924.8	36,926.9	2.1	0.0%
Fund Sources:							
1007 I/A Rcpts	33,478.0	36,924.8	36,924.8	36,924.8	36,926.9	2.1	0.0%
General Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	33,478.0	36,924.8	36,924.8	36,924.8	36,926.9	2.1	0.0%
Positions:							
Permanent Full Time	5	5	5	5	5	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Administration

Component: Risk Management (71)

RDU: Risk Management (23)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2010 Conference Committee To FY2010 Authorized *****												
FY2010 Conference Committee												
ConfCom		36,924.8	567.3	17.4	36,326.6	10.0	3.5	0.0	0.0	5	0	0
1007 I/A Rcpts		36,924.8										
Subtotal		36,924.8	567.3	17.4	36,326.6	10.0	3.5	0.0	0.0	5	0	0
***** Changes From FY2010 Authorized To FY2010 Management Plan *****												
ADN 02-0-0042 Transfer of funds needed to bring personal services within vacancy factor guidelines												
LIT		0.0	-15.5	0.0	15.5	0.0	0.0	0.0	0.0	0	0	0
Authorization in the amount of \$15.5 is transferred from personal services to services to bring the budgeted vacancy within vacancy factor guidelines.												
Subtotal		36,924.8	551.8	17.4	36,342.1	10.0	3.5	0.0	0.0	5	0	0
***** Changes From FY2010 Management Plan To FY2011 Governor *****												
FY2011 Health Insurance Cost Increase Non-Covered Employees												
SalAdj		2.1	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1007 I/A Rcpts		2.1										
Costs associated with Health Insurance Increases.: \$2.1												
Totals		36,926.9	553.9	17.4	36,342.1	10.0	3.5	0.0	0.0	5	0	0

Personal Services Expenditure Detail
Department of Administration

Scenario: FY2011 Governor (7749)
Component: Risk Management (71)
RDU: Risk Management (23)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Month	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
02-0010	Division Director	FT	A	XE	Juneau	AA	27M / N	12.0		133,236	0	0	56,243	189,479	0
02-0015	Claims Administrator	FT	A	GP	Juneau	2A	19A / B	12.0		57,736	0	0	30,810	88,546	0
02-0017	Accounting Tech I	FT	A	GP	Juneau	2A	12B / C	12.0		36,360	0	0	23,621	59,981	0
02-0020	Risk Manager	FT	A	SS	Juneau	2A	22F / J	12.0		86,390	0	0	40,093	126,483	0
02-0022	Claims Administrator	FT	A	GP	Juneau	2A	19G / J	12.0		69,678	0	0	34,826	104,504	0

	Total Positions	New	Deleted	Total Salary Costs:
Full Time Positions:	5	0	0	383,400
Part Time Positions:	0	0	0	Total COLA: 0
Non Permanent Positions:	0	0	0	Total Premium Pay: 0
Positions in Component:	5	0	0	Total Benefits: 185,593
Total Component Months:	60.0			Total Pre-Vacancy: 568,993
				Minus Vacancy Adjustment of 2.65%: (15,093)
				Total Post-Vacancy: 553,900
				Plus Lump Sum Premium Pay: 0
				Personal Services Line 100: 553,900

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1007 Inter-Agency Receipts	568,993	553,900	100.00%
Total PCN Funding:	568,993	553,900	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.